



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 173.04.103

CONVERSION DATE: July 1, 1998

THIS ETA HAS BEEN CANCELLED EFFECTIVE 09/20/2003

SEED FURNISHED UNDER GROWER CONTRACTS

Revised: December 31, 1992

This Excise Tax Bulletin explains the Department's position in regards to seed provided to farmer-growers under grower contracts. This represents a clarification, and not a change in the Department's position.

Many seed companies contract with farmer-growers to raise seed. These companies provide the seed, and in turn agree to purchase the crop if it meets specified standards. These contracts will often provide that ownership of the crop is retained by the seed company, while the risk of crop loss is borne by the farmer-grower. However, the farmer-grower is obligated to pay for the seed, whether or not the crop meets the specified standard.

The Department has determined that under the above conditions, the transfer of the possession of the seed to the farmer-grower is a sale within the language and intent of RCW 82.04.040, culminating in the "... transfer of ownership of, title to, or possession of property for a valuable consideration" These sales transactions are sales for resale, and subject to the business and occupation tax.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.